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Adm - 13, 6

[Redacted]

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NRO review(s) completed.

8 of 10 copies
24 June 1971

MEMORANDUM FOR: Director of Planning, Programming, and
Budgeting

SUBJECT : Intelligence Community Management in the
Face of Cost Growth

1. This responds to action item 3 of the 2 May 1971 Director's
Planning Conference:

"3. The Director instructed DD/S&T and DD/I to
determine if documents exist which will support the DD/S&T
observation that the present Intelligence Community manage-
ment of the large collection systems has effectively held down
and leveled out resources for these systems."

Mr. Duckett, in the conference, stated that in general the cost of the
larger systems, as projected, evens out to about the current level due to
decisions by USIB and the Director. He presented charts for Fiscal Years
1965 through 1973 indicating (a) a fairly static manpower level (Tab A)

[Redacted] in administering the RD&E programs of the DD/S&T
and the Agency portions of the National Reconnaissance [Redacted]

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DD/S&T
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25X1 [] and (b) the maintenance of a cost level (Tab B) of
25X1 such programs [] through 1971, with an esti-
25X1 mated increase to [] for 1972 and 1973. These
were presented as examples to "destroy the myth presented in the
OMB report."

2. The OMB paper of 10 March 1971, "A Review of the
Intelligence Community," to which Mr. Duckett was responding makes
a number of very broad charges:

(p. 9) "3. The Community's growth is largely unplanned
and unguided.

- Serious forward planning is often lacking as decisions
are made about the allocation of resources.
- The consumer frequently fails to specify his product
needs for the producer; the producer, uncertain
about eventual demands, encourages the collector
to provide data without selectivity or priority;
and the collector emphasizes quantity rather than
quality."

(p. 10) "4. The Community's activities have become
exceedingly expensive.

- The fragmentation of intelligence functions and the
competitive drive for improved collection technology

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are important reasons why the cost of intelligence has almost doubled during the past decade.

- A significant part of this growth is attributable to the acquisition of expensive new systems without simultaneous reductions in obsolescent collection programs.
- In the absence of planning and guidance, internally generated values predominate in the Community's institutions. These values favor increasingly sophisticated and expensive collection technologies at the expense of analytic capabilities.
- Few interagency comparisons are contemplated. Potential tradeoffs between PHOTINT and SIGINT, between PHOTINT and HUMINT, and between data collection and analysis are neglected.
- While the budgetary process might be used to curb some of the more obvious excesses, it cannot substitute for centralized management of the Community. "

(p. 11) "Because each organization sees the maintenance and expansion of its collection capabilities as the principal

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route to survival and strength with the Community, there is strong presumption in today's intelligence set-up that additional data collection rather than improved analysis, will provide the answer to particular intelligence problems. It has become commonplace to translate product criticism into demands for enlarged collection efforts. Seldom does anyone ask if a further reduction in uncertainty, however small, is worth its cost. "

(p. 5) "In the absence of an authoritative governing body to resolve these issues [substantive and functional responsibilities within the Community], the Community has resorted to a series of compromise solutions that adversely affect its performance and cost. "

3. As you know the Director of Central Intelligence does not have decision authority with respect to program and resource allocation questions for the Intelligence Community except for those of the CIA. The National Intelligence Resources Board was created administratively to assist with Community resource questions and issues, but is only advisory to the Director. The United States Intelligence Board which the Director chairs is, in effect, also advisory to the Director on matters bearing on resources. The USIB

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establishes requirements, objectives and priorities in this area, but usually in substantive intelligence terms only. Practice has established an unwritten "law" to the effect that USIB and its Committees do not determine or approve resource programs or resource allocations proposed in response to established requirements, objectives and priorities. This type of action would be viewed as an unwarranted intrusion into the line manager's responsibility, unnecessarily restricting "desirable" flexibility. With the exception of the Director's participation in the Executive Committee, "EXCOM", which does make resource decisions for the National Reconnaissance there are no other Community forums available to the DCI for his continuing overview and coordination of intelligence activity and programs. NIPE staff representation for the Director in annual DOD reviews of its intelligence programs has served in an observer role for the most part.

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4. Given these arrangements for the Director and USIB, one would not expect a wealth of explicit documentation to substantiate Intelligence Community management which has worked "to hold down and level out resources." Inquiry with the Chairmen of the SIGINT Committee and COMIREX tends to bear this out, though a number of interesting cases have been identified to indicate the type of pressure or impact the Director can bring to bear openly and officially on important resource questions:


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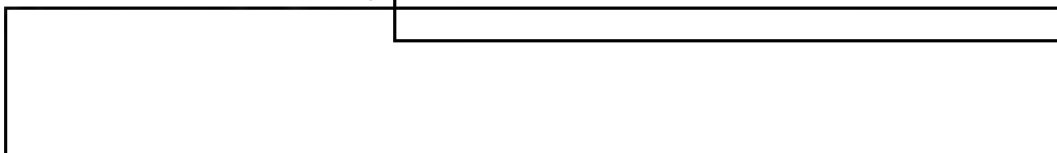
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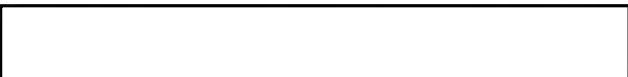


b. The Chairman of USIB in 1968, with the concurrence of USIB, recommended to the Secretary of Defense that project

 with the understanding that the need for any augmented capability for the proposed initial system would be subject to later Board consideration.

c. By a letter of 6 December 1968 the Director advised the Deputy Secretary of Defense of his reservations concerning continuing development 



d. In a 4 December 1968 letter to the Secretary of Defense the Director advised that a NIRB evaluation of products of the  indicated that then current levels of effort for major portions of this work could not be justified in substantive intelligence terms.

e. The Chairman with the approval of the Board on 29 October 1969 advised the Deputy Director of Defense Research and Engineering that it was essential for NSA to test adequately the technical aspects

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of a proposed expansion of [REDACTED]

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[REDACTED] prior to any recommendation to the Board for

establishment of standing intelligence requirements for such a capability in these areas.

f. In two significant cases the Director has elected not to dispute Deputy Secretary of Defense proposals to decrease major overhead collection capabilities: 1) The mothballing of the OXCART aircraft in 1968, and 2) the stretching-out of CORONA

[REDACTED]

Tab C lists the formal references to the foregoing examples.

5. Whether explicit documentation exists in rebuttal to the OMB allegation on a case-by-case basis may be the least of two questions. Has, in fact, the cost of U.S. intelligence almost doubled during the past decade as alleged by OMB? If it has, I would suggest that no one, including the OMB, has come forward with agreed data to prove it. In measuring shifts and trends for U.S. intelligence resources the basic problem has been and continues to be two-fold: (a) agreement in identification of the type of activities to include or exclude, and (b) agreement in the identification of related support costs, particularly in regard to drawing lines within Department of Defense programs

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where the bulk of the effort is accounted for. Data, compiled by OMB, the NIPE Staff and by staffs in the Office of the Secretary of Defense at various times over the years has not always been consistent with respect to either scope or approach. All available data indicates that cost growth has been experienced in U.S. intelligence programs. A comparison of data developed by the Bureau of the Budget (predecessor to OMB) for the Fiscal Year 1962 with NIPE/CIRIS staff data of January 1971 for the Fiscal Year 1972 indicates an overall increase of [] Tabs D and E show these comparative levels for the major elements of the "Intelligence Community Program" then and now, respectively. It is believed that these two sets of data are sufficiently comparable in definition of programs included, and approaches used to costing, that they can serve as a useful measure of gross trends for the Community. The FY 1972 program includes [] which clearly did not exist in 1962. When one adjusts for these, the increase for previous on-going National Intelligence Community resource programs is on the order of [] a figure largely accounted for by inflation during the decade. These data do tend to confirm the OMB observation that major increases relate to collection programs. More detailed information would have to be presented to identify the significant changes in the composition of these programs including the phase-out of older collection

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projects

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6. Intelligence Community resource data cited in the 10 March 1971 OMB paper is not comparable in total with data discussed in the foregoing paragraph for the reason OMB has chosen, in its paper, to increase the definition of intelligence resources by adding [] for tactical military resources. Note Tab F for this and other differences.

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7. Tab G was furnished by NRO through Mr. Duckett's office subsequent to the Director's Planning Conference to show how the National Reconnaissance Program has been projected through FY 1977 at [] The curves in this tab, however, also show the cost growth in this program since FY 1963.

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8. It would appear to me that cost growth data shown in the Tabs D and E give evidence of management activity that is otherwise not wholly apparent in the workings of formal Community arrangements. The foregoing, for example, excludes consideration of the Director's access to the National Security Council, the Secretary of Defense, the President and members of the Congressional leadership. The prestigious posture

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of the Director and his record of objective balance can and have had effective weight on substantive intelligence matters considered at these highest levels, including consideration of related resource and operational questions and issues.




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Special Assistant to D/PPB

Attachments

As stated

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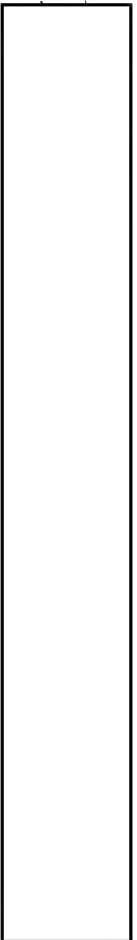
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TAB C

References

Sub-paragraph
of text

- a. 1) USIB-M-430 of 28 April 1966.
- 2) COMOR-D-48/110 of 4 April 1966 (Limited Distribution);
Subj: "COMOR Evaluation of the Current Satellite
Launch Program."
- b. 1) Memorandum of 1 August 1968 to the USIB from the
Chairman concerning the initiation of [redacted] 25X1
[redacted] conveyed to the Secretary of Defense.
- 2) USIB-M-517 of 1 August 1968.
- c. The 6 December 1968 letter from the Director to the
Deputy Secretary of Defense commenting on the Develop-
ment [redacted] 25X1
- d. The 4 December 1968 letter from the Director to the
Secretary of Defense concerning intelligence value of
[redacted] 25X1
- e. 1) Memorandum of 29 October 1969 from the Chairman
of USIB to the DDRE on the subject: "Intelligence
Requirements - Soviet Naval Forces."
- 2) USIB-M-557 of 30 October 1969.

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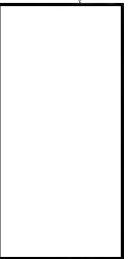
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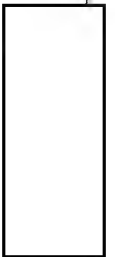
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